PM-USA Purchasing Organization

Orientation Presentation

10/95

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PM USA-NY PURCHASING

Started 1993
Started 1994
Started 1995

Sr. Admin. Secretary *Peggy Massiah*

Director, Purchasing *Ken Bunte*

Dir., Purch. Planning & Syst. *Sandra Lizza*

Purch. Mgr., Marlboro Brand *John Trojanowski*

- **Sr. Purch. Agent** *Gary Didona*
- **Sr. Purch. Agent** *[illegible] Altschul*
  - **Purch. Agent** *Gail Tinsley*
- **Principal Purch. Agent** *Denise [illegible]*
  - **Sr. Purch. Agent** *Christine Bassignana*
- **Purch. Agent** *Donna Hingst*
- **Sr. Purch. Agent** *Vicki Strychack*
- **Sr. Purch. Agent** *Pat Meade*
- **Purchasing Assistant** *Rose [illegible]alzone*

Purch. Mgr., Discount Brands *Edith Chen*

Purch. Mgr., Premium Brands *Debra Elfar*

- **Sr. Purch. Agent** *Gerard Cardillo*
- **Lead Purch. Agent** *Jerry Repp*
  - **Purch. Agent** *Heather Velo*
- **Sr. Purch. Agent** *Lynn Adams*
- **Purchasing Assistant** *[illegible] Laura [illegible]ckwe[illegible]*

Purch. Mgr., Merchandising/ PPOS *Mike Stemo*

- **Sr. Purch. Agent** *David Locher*
- **Sr. Purch. Agent** *Lori Zinser*
- **Purchasing Assistant** *Lina Butler*

Mgr., Purch. Plng. *Fran Goehl*

Mgr., Plng. & Analysis *Bob Turo*

- **Purch. Systems Supervisor** *Michael Ciraolo*
  - **Purch. Analyst** *[illegible] Patterson*
  - **Purchasing Processor** *[illegible]*
  - **Purchasing Processor** *[illegible]*

Mgr., Purch. Syst. *Meg Duane*

- **Purch. Systems Analyst** *Azam Abuzar*
- **Purchasing Assistant** *Diane [illegible]cente*

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Our mission:

- New York Purchasing will be a **value-adding contributor** to our customers' business processes through the application and utilization of **world-class** procurement practices. By adopting an integrated business process perspective, we will meet our customers' requirements as they relate to

  - Costs
  - Quality
  - Timing

  through the total management of the PM USA supply base.

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Our strategies and critical success factors:

- Work with internal support groups to service our Brand groups' objectives
  - Forecasting
  - Legal
  - Logistics
  - Fulfillment
  - Finance
  - Information Systems
- Anticipating and proactively monitoring internal/external customer needs
- Adding input to the creative process
- Managing the supplier base
- Minimizing cycle time
- Selecting items of appropriate quality
- Managing the supply channel
- Lowering process costs by
  - Optimizing staff
  - Minimizing inventory expense by balancing supply and demand
  - Maximizing discounts on purchases
- Achieving flexibility without sacrificing control

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PM USA PURCHASING

RETAIL PROGRAMS IN PROGRESS

As of 10/4/1995

	Marlboro	Premium	Discount	Totals
Programs	5	13	15	33
Items	7	17	19	43
SKU's	15	35	37	87
Vendors	15	34	37	86
Factories	15	33	32	80

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PM USA PURCHASING

CONTINUITY PROGRAMS IN PROGRESS

As of 10/4/1995

	Marlboro	Premium	Discount	Totals
Programs	4	12	7	23
Items	66	66	21	153
SKU's	117	96	31	244
Vendors	61	56	23	140
Factories	132	75	21	228

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CREATIVE DEVELOPMENT AND SOURCING 8 - 16 WEEKS

		Week
1)	Item Selection	1 - 5
2)	Finalize Item Decision	5 - 6 (Retail)
	• QA verification of safety & performance	5 - 10 (Continuity)
3)	Packaging Development *(for Retail Promotions only)*	6
4)	Prototype Development	6 - 14
	• Specifications Development	
	• Review of Specifications by QA Agency *(Spec Analysis)*	
	• Recommendations for Specifications Changes	
	• Final Testing Analysis by QA Agency	
5)	Legal Clearance/Review	6 - 10
	• Trademark and Patent Search	
	• Safety Review	
6)	Initial Quantity Estimate and Forecast	15 - 16
7)	Prototype(s) for Photography	14 - 16

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BID PROCESS 9 - 12 WEEKS

		Week
1)	Bid Package Preparation and Vendor Bid List Development	16 - 18
2)	Vendor Meetings • Review Specifications and Address Questions/Concerns	17 - 18
3)	Request for Quotation *(RFQ)* • Prepare QA Project Agreement /QA Spec Analysis Issued	18 - 22
4)	Bid Opening *(Finance and Purchasing)* • Evaluation of Price, Service, Quality & Delivery • Sample Comparison with Initial Prototypes • Results of Bid Opening Reviewed with Brand	22 - 23
5)	Logo Art Prepared	22 - 23
6)	Bid Analysis and Negotiations	22 - 24
7)	Vendor Selection • Factory Evaluation Initiated with QA Agency • Vendors Begin Materials Testing • Final Quantities/Delivery Timing Confirmed (Multiple Vendors)	25 - 28

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PURCHASE ORDER ISSUANCE — 4 - 6 WEEKS

		Week
1)	Requisition Preparation/Distribution • Cover Letter Outlining Recommendation to Brand • Circulation for Brand and Purchasing Approval • Brand Responsible for Review with Finance for Budget	28 - 33
2)	P.O. Issuance to Vendor • Transmitted to CRI or Neodata *(Fulfillment Items Only)* • Delivery to Packager via Madden *(Retail Items Only)*	34 - 35

PRE-PRODUCTION SAMPLES — 4 - 6 WEEKS

1)	Timing Depends On Item Complexity	36 - 39
2)	Review Pre-Pro Sample with Brand • Make Adjustments or Approve Sample	39 - 40
3)	Approval of Final Production Samples • Send to QA Agency for Reference in Testing • Establish Ranges for Quality Standards/Tolerances	41 - 42

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MANUFACTURING — 14 - 18 WEEKS

		Week
1)	DOMESTIC SUPPLIERS	35 - 49
	• Lower Freight Costs	
	• Higher "Per Unit" Pricing	
2)	OVERSEAS/FOREIGN SUPPLIERS	35 - 52
	• Higher Risk and Quota Issues	
	• Cultural Differences	
	• Customs Clearance/Classification of Goods Issues	
	• Lower Unit Pricing (Duty) and High Volume Production	

DELIVERY — 2 - 8 WEEKS

1)	DOMESTIC SUPPLIERS	50 - 52
	• Allow 8-10 Days Dependant Upon Carrier Availability	
	• Delivery Appointments Made 48 Hours In Advance	
2)	FOREIGN SUPPLIERS	53 - 61
	• Allow 4 - 8 Weeks MINIMUM for Ocean Shipments	
	• Allow 10 Days for Airfreight	
	• QA Certificate of Inspection Prior to Ocean Shipment Release	
	• Customs Clearance/Trucking from POE (Port of Entry)	

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